

R277-420 received final approval by the Utah State Board of Education on September 8, 2017. R277-420 is published in the October 1, 2017 Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of November 7, 2017.

R277. Education, Administration.

R277-420. Aiding Financially Distressed School Districts.

R277-420-[2]1. Authority and Purpose.

~~[A.](1)~~ This rule is authorized by:

~~(a) Utah Constitution Article X, Section 3, which vests general control and supervision over public education in the Board;~~

~~(b) Section 53A-1-401, which allows the Board to make rules to execute the Board's duties and responsibilities under the Utah Constitution and state law; and~~

~~(c) Subsection 53A-19-105(5), which requires the Board to develop standards for defining and aiding financially distressed school districts[, and Section 53A-1-401(3) which permits the Board to adopt rules in accordance with its responsibilities].~~

~~[B.](2)~~ The purpose of this rule is to specify ~~[the]~~ eligibility requirements ~~[for]~~ and ~~[the]~~ procedures for nonrecurring or nonroutine interfund transfers for financially distressed school districts.

R277-420-[4]2. Definitions.

~~[A. "Board" means the Utah State Board of Education.]~~

~~[B.](1)(a)~~ "Interfund transfer" means a transaction which withdraws money from one fund and places it in another without recourse.

~~(b) An [f]interfund transfer[s-are] is regulated by statute and Board rules.~~

~~(c) "Interfund transfers" do not include interfund loans in which money is temporarily withdrawn from a fund with full obligation for repayment during the fiscal year.~~

~~[C. "School district," for purposes of this rule, means school district under the direction of the local board of education.~~

~~—— D. "State Superintendent" means the State Superintendent of Public Instruction. For purposes of this rule, the Board's designee is the State Superintendent.~~

~~—— E. "USOE" means the Utah State Office of Education.]~~

~~[F.](2)~~ "Without recourse" means there is no obligation to return withdrawn money to the fund from which it was transferred.

R277-420-3. Eligibility.

~~[To qualify as a financially distressed school district, a school district shall meet all of the following requirements:]~~

~~(1) A school district may qualify as financially distressed if the district:~~

~~[A. Have] (a) has a deficit of three percent or more in its year end unappropriated maintenance and operation fund balance following a reduction for any amount in an undistributed reserve[-];~~

~~[B. Be] (b) is unable to meet its financial obligations in a timely manner[-];~~

~~[C. Be] (c) is unable to reduce the maintenance and operation deficit by [twenty-five] 25 percent in its budget for the next year[-];~~

~~[D. Have] (d) can demonstrate that it has made reasonable, local efforts to eliminate the deficit[-];~~

~~[E. Be] (e) is financially incapable of meeting statewide educational standards~~

R277-420 received final approval by the Utah State Board of Education on September 8, 2017. R277-420 is published in the October 1, 2017 Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of November 7, 2017.

adopted by the Board~~[-]; and~~

~~[F. Have]~~ (f) has a deficit resulting from circumstances not subject to administrative decisions.

(2) The Superintendent shall evaluate the criteria outlined in Subsection (1) and make a determination on whether a district is financially distressed ~~[This judgment shall be made]~~ following an on-site visit and consultation with the school district and local school board ~~[by USOE staff]~~.

R277-420-4. Procedures for Making Interfund Transfers.

~~[A.](1) A local school board [applying to qualify] may apply for an interfund transfer under this rule [shall request that the USOE visit the school district, conduct an audit, and assist the local school board and district staff in developing a plan to eliminate the deficit.] by filing a request with the Superintendent, which shall include:~~

(a) evidence that the district meets the criteria set forth in Section R277-420-3; and

(b) a plan to eliminate the district's budget deficit.

(2) As part of a district application under Subsection (1)(a), the Superintendent shall:

(a) visit the school district; and

(b) conduct a financial analysis.

~~[B. The school district shall meet the eligibility requirements of R277-420-3 and be approved as a financially distressed school district by the Board or its designee.]~~

(3) The Superintendent may only approve an interfund transfer under this rule if the Superintendent determines that:

(a) the district meets the eligibility requirements of Section R277-420-3; and

(b) the district's request does not conflict with Subsection 53A-19-105(6)(d).

(4) The Superintendent shall advise the Board of any transfers approved under this rule at the next regularly scheduled Board meeting.

~~[C.](5) A school district designated as financially distressed may make nonrecurring or nonroutine interfund transfers to the district's maintenance and operation fund upon the approval of the [Board or its designee] Superintendent and in accordance with the plan submitted by the district under Subsection (1)(b).~~

~~[D.](6) [The] An~~ interfund transfer shall be established by [the] a school district under the direction of the local school board in an undistributed reserve account consistent with Section 53A-19-103.

KEY: education finance

Date of Enactment or Last Substantive Amendment: ~~[November 8, 2012]~~2017

Notice of Continuation: September 13, 2017

Authorizing, and Implemented or Interpreted Law: 53A-19-105; 53A-1-401~~[(3)]~~; 53A-19-103